

February 06, 2026

## WheelsEMI Private Limited: Provisional ratings assigned to PTCs backed by vehicle loan receivables issued by FrostFall 01 2026

### Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
FrostFall 01 2026	Series A1 PTCs	30.63	Provisional [ICRA]A(SO); assigned
	Equity Tranche	1.72	Provisional [ICRA]BBB+(SO); assigned

\*Instrument details are provided in Annexure I

Rating in the absence of pending actions/documents	No rating would have been assigned as it would not be meaningful
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### Rationale

The pass-through certificates (PTCs) and the Equity Tranche would be backed by a pool of vehicle loan receivables<sup>1</sup> originated by WheelsEMI Private Limited {WheelsEMI/Originator; rated [ICRA]BBB (Negative)} with an aggregate principal outstanding of Rs. 34.42 crore (underlying pool receivables of Rs. 43.73 crore). WheelsEMI would also act as the Servicer for the transaction.

The provisional ratings are based on the strength of the cash flows from the selected pool of contracts, the credit enhancement available in the structure as well as the integrity of the legal structure. The provisional ratings are subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

### Transaction structure

As per the transaction structure, the Equity Tranche payouts are completely subordinated to the Series A1 PTC payouts. The monthly cash flow schedule comprises the promised interest payout for Series A1 PTC. The principal to Series A1 PTC is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. After Series A1 PTC is entirely redeemed, the principal to Equity Tranche is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. The residual cash flows from the pool, after meeting the promised and expected payouts, will be used for the prepayment of Series A1 PTC principal and post its redemption for prepayment of Equity Tranche. Any prepayment in the pool would be used for the prepayment of Series A1 PTC till its full redemption and subsequently it will be passed to Equity Tranche.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 7.00% of the initial pool principal, amounting to Rs. 2.41 crore, to be provided by the Originator, (ii) principal subordination of 11.00% of the initial pool principal for Series A1 PTCs and 6.00% for the Equity Tranche, and (iii) the Excess Interest Spread (EIS) of 19.09% of the pool principal for both the tranches.

### Key rating drivers and their description

#### Credit strengths

**Granular pool supported by presence of credit enhancement** – The current pool is granular, consisting of 4,844 contracts and top 10 contracts forming less than 1.00% of the pool principal, thereby reducing the exposure to any single borrower. Further,

<sup>1</sup> Two-wheeler and three-wheeler loan receivables

the credit enhancement available in the form of the CC, subordination and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

**Healthy bureau score of borrowers** – Almost 94% of the contracts in the pool belong to borrowers with a CIBIL score of at least 700, which reflects their relatively better credit profile.

**No overdue contracts in the pool** – The pool has been filtered in such a manner that there are no overdue contracts as on the cut-off date. Further, ~98% of the contracts in the pool have never been delinquent post loan disbursement, thereby reflecting the borrowers' relatively better credit profile, which is a credit positive.

**Adequate servicing capability of Wheels** – The Originator has adequate processes for servicing of the loan accounts in the securitised pool. It has demonstrated a considerable track record of over a decade of regular collections across geographies and multiple economic cycles.

### Credit challenges

**High geographical concentration** – The pool has high geographical concentration with the top 3 states, viz Uttar Pradesh, Bihar and Kerala, contributing ~63% to the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

**Risks associated with lending business** – The pool's performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans.

### Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 6.50% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 2.4% to 9.0% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final ratings for the instruments.

### Liquidity position

#### Strong for Series A1 PTCs

The liquidity for Series A1(a) PTCs is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~5.00 times the estimated loss in the pool.

#### Strong for Equity Tranche

The liquidity for Equity Tranche is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~4.25 times the estimated loss in the pool.

## Rating sensitivities

**Positive factors** – The ratings could be upgraded on the strong collection performance of the underlying pool (monthly collection efficiency >95%) on a sustained basis, leading to the build-up of the credit enhancement cover for the remaining payouts.

**Negative factors** – The sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer (WheelsEMI) could also exert pressure on the ratings.

## Analytical approach

The rating action is based on the analysis of the performance of WheelsEMI's portfolio till September 2025 (provisional), the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool, and the credit enhancement cover available in the transaction.

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Securitisation Transactions</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

## Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned ratings are provisional and would be converted into final upon the execution of:

1. Trust deed
2. Assignment agreement
3. Power of attorney
4. Legal opinion
5. Trustee letter
6. Other key or important documents executed for the transaction

## Validity of the provisional rating

The Trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

## Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Ratings available at [www.icra.in](http://www.icra.in).

## About the originator

WheelsEMI Private Limited is a Pune-based, registered non-deposit taking non-banking financial company (NBFC), which provides financing for new as well as preowned two-wheelers (2Ws). It is promoted by Mr. Srinivas Kantheti and Mr. V Karunakaran, who acquired Vardnarayan Savings and Investment Co Pvt Ltd., a small finance company based out of Nanded, Maharashtra with a loan book of Rs. 35 lakh (at the time of acquisition) in 2017. WheelsEMI provides 2W financing to low-income customers.

The company has a wholly-owned subsidiary, BluBird Auto Trade Private Limited (BluBird), incorporated in April 2019. BluBird's primary business is the leasing and renting of vehicles, primarily to logistics companies. It also deals in the purchase and sale of used vehicles.

### Key financial indicators (standalone)

WheelsEMI	FY2024	FY2025	H1 FY2026*
Total income	253	305	135
Profit after tax	0.6	2.8	0.4
Total managed assets	1,636	1,834	1,633
Gross stage 3^	5.4%	1.5%	2.6%
CRAR	37.6%	22.5%	22.9%

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; \*Provisional financials numbers as provided by the company

^ On assets under management

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

S. no.	Trust name	Current rating (FY2026)				Chronology of rating history for the past 3 years		
		Instrument	Amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
1	FrostFall 01 2026				February 06, 2026	-	-	-
		Series A1 PTCs	30.63	30.63	Provisional [ICRA]A(SO)	-	-	-
		Equity Tranche	1.72	1.72	Provisional [ICRA]BBB+(SO)	-	-	-

## Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTCs	Highly Complex
Equity Tranche	

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

#### Annexure I: Instrument details

Trust name	Instrument	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Scheduled maturity date	Current amount rated (Rs. crore)	Current rating
<b>FrostFall 01 2026</b>	Series A1 PTCs	January 30, 2026	12.50%	June 21, 2030	30.63	Provisional [ICRA]A(SO)
	Equity Tranche		-	June 21, 2030	1.72	Provisional [ICRA]BBB+(SO)

Source: Company

#### Annexure II: List of entities considered for consolidated analysis

Not applicable

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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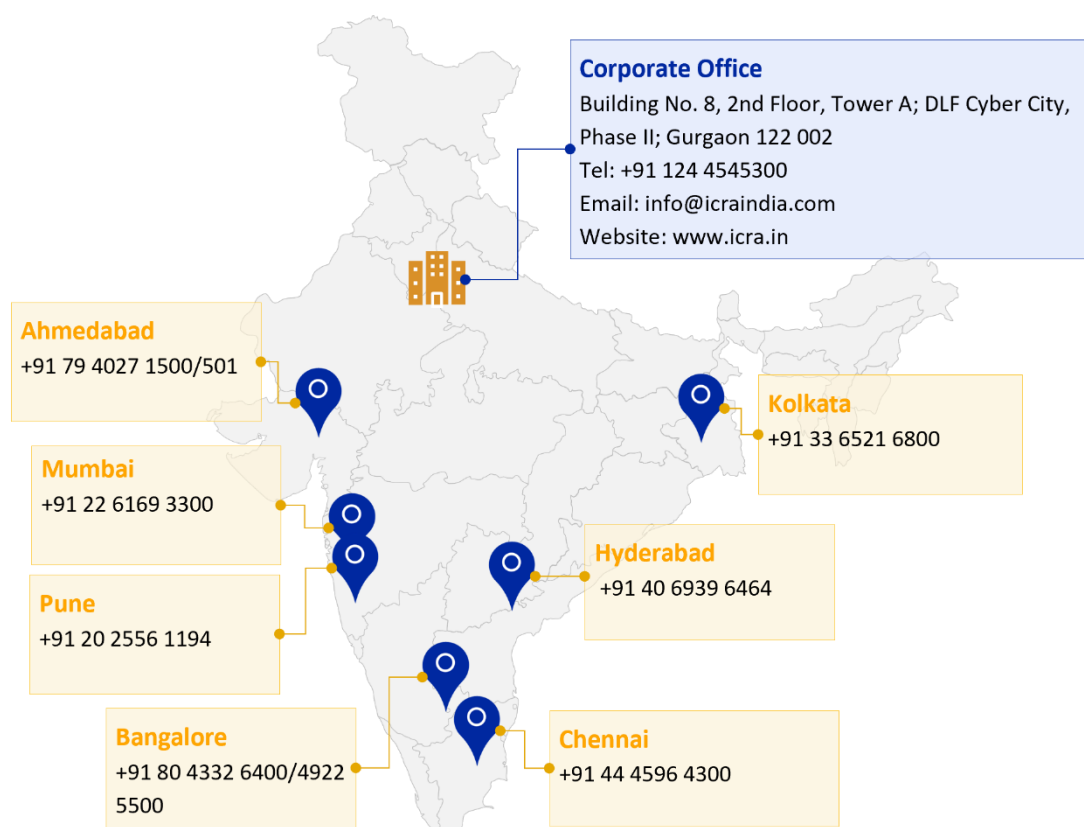


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